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SUBJECT: PROGRESS ON COMPENSATION TO VICTIMS OF CHIXOY  
HYDROELECTRIC PROJECT

¶1. Summary: The Guatemalan government released the outline of a process to reach agreement on compensation for indigenous communities affected by the 1976-82 construction of Chixoy hydroelectric dam. Both the GOG and leader of the organization of affected communities expressed satisfaction with the road map and the progress made after more than 30 years since the beginning of the construction of the dam project, which displaced several hundred indigenous families. End summary.

#### Background

¶2. In 1976, the Guatemalan government initiated construction of a hydroelectric dam in Rio Chixoy (also known as Rio Negro). Hailed as "the largest man-made work in Central America," the project aimed to develop a reliable and inexpensive source of hydroelectric energy. Indigenous communities in the Rio Negro area resisted the project, which was funded by the World Bank and the Inter-American Development Bank.

¶3. In late 1976, the GOG forcibly displaced and resettled approximately 500 families, averaging seven members each (a total of 3,514 persons), with promises of compensation for damages and losses incurred, including purchase of new land, payment for damaged crops, construction of new homes with services and infrastructure, development of sustainable projects and cooperatives, and an offer of gratuitous electric energy. While each family ultimately received legal title to resettlement land and a house, the affected communities claimed that the plots were too small and infertile and complained of lack of electricity and water services.

¶4. The dam began operations upon its completion in 1982. Six former civilian patrol officers (PACs) (civilian volunteers organized by the military to control the population during the internal conflict) were arrested in 2003 on charges of murdering 146 people on March 13, 1982 in Rio Negro village. Some Guatemalan and international NGOs expressed concern that construction of the dam was linked to the massacre. They alleged that the military committed a number of massacres in the Rabinal area from 1981 to 1983, accusing resisters of being guerrillas, to clear land for the dam. The six ex-PACs remain in custody, awaiting a ruling by the Constitutional Court.

¶5. On September 7, 2004, prompted by persistent poor living conditions on their resettlement land, including lack of water and electricity, the communities seized control of the dam for two days and publicly demanded that the GOG honor its promises to compensate them for damages and losses. They also demanded the creation of a commission comprised of the GOG, World Bank, Inter-American Development Bank, Human Rights Ombudsman's Office, the UN, and communities affected by the dam to mediate the conflict and to seek resolution. Some Washington law firms provided pro bono assistance to the displaced communities.

¶6. Based on a complaint filed by the GOG, nine community leaders

(including two leaders of the victims' group ADIVIMA), who organized the protest, were subsequently arrested on charges of causing public disorder, endangering national security, and damaging private property. The criminal case is ongoing.

¶17. In the aftermath of the protest, on September 18, 2006, the GOG and the Coordinator of Communities Affected by the Construction of Chixoy Hydroelectric Dam (COCAHICH) signed a formal agreement to coordinate in identifying and verifying the commitments previously made by the GOG and damages and losses incurred by the affected communities; compensating the communities; and setting up an inter-institutional high-level commission to mediate the conflict with the participation of the GOG, Human Rights Ombudsman's Office, ADIVIMA legal representation on behalf of the communities, and international observers.

#### Progress on Compensation

¶18. Vice President Stein publicly presented on April 20 a comprehensive report of progress made over the past six months, between September 18, 2006 and March 31, 2007. He noted that the GOG has taken concrete actions, including development of a Plan of Verification, since the signing of the official agreement last year, which formalized the negotiation process, and that all decisions were reached by consensus between the government and COCAHICH.

¶19. Luis Felipe Polo, Advisor to VP Stein, said that the government has assumed responsibility for its commitments and has already initiated construction of schools and houses, among other activities, to reduce poverty and to improve the well-being of the affected communities. Describing the progress as "transparent" and "positive," he observed that the government is working not only to construct homes but to strengthen the cultural, spiritual, and economic development of the indigenous communities.

¶110. Polo emphasized that the plan is a State commitment and that the next administration (to take office in January 2008) will have co-responsibility for meeting the GOG's commitments. He affirmed that the current administration is committed to fulfilling as many obligations as possible in its remaining nine months.

¶111. Grassroots COCAHICH leader Juan de Dios Garcia expressed satisfaction with the progress being made after more than 30 years of fighting for the rights of the affected 28 indigenous communities that comprise COCAHICH. He said that the steps taken demonstrate recognition by the GOG of the damages and losses the communities have long suffered and reflect the political will of the GOG and the international community to address the situation.

¶112. OAS Representative Diego Paz pointed out that the agreement signed in September 2006 provided a concrete government response to the victims. Among the principal accomplishments over the past six months were the creation of a formal, high-level negotiation process respected by both parties, and the development of the Plan of Verification. However, the time invested in developing and reaching consensus on the Plan of Verification has delayed its execution, including seeking and obtaining the funds necessary for its implementation.

¶113. Comment: While the Chixoy case is not fully resolved, e.g., there is the question of whether the GOG will be able to implement fully the verification plan, important progress has finally been made in addressing this decades old controversy. Vice President Stein's management of this issue is a good example of his pragmatic process-oriented approach to political problems.

DERHAM